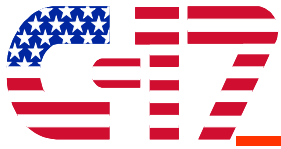
A formation of C-17 Globemaster III military transport aircraft flying over a forested landscape. The lead aircraft is prominently featured in the foreground, with several others following in a staggered formation behind it. The aircraft are white with dark markings on the nose and tail. The background shows a dense green forest under a clear sky.

C-17 FLEXIBLE SUSTAINMENT

**Gregg A Sparks
Colonel, USAF
Director of C-17 Logistics**

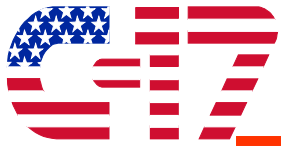


OVERVIEW

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

- **Flexible Sustainment**
- **Performance**
- **Public-Private Partnerships**
- **Site Activation**
- **Flex Next**
- **Challenges**

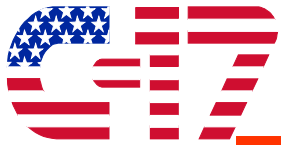




FLEXIBLE SUSTAINMENT

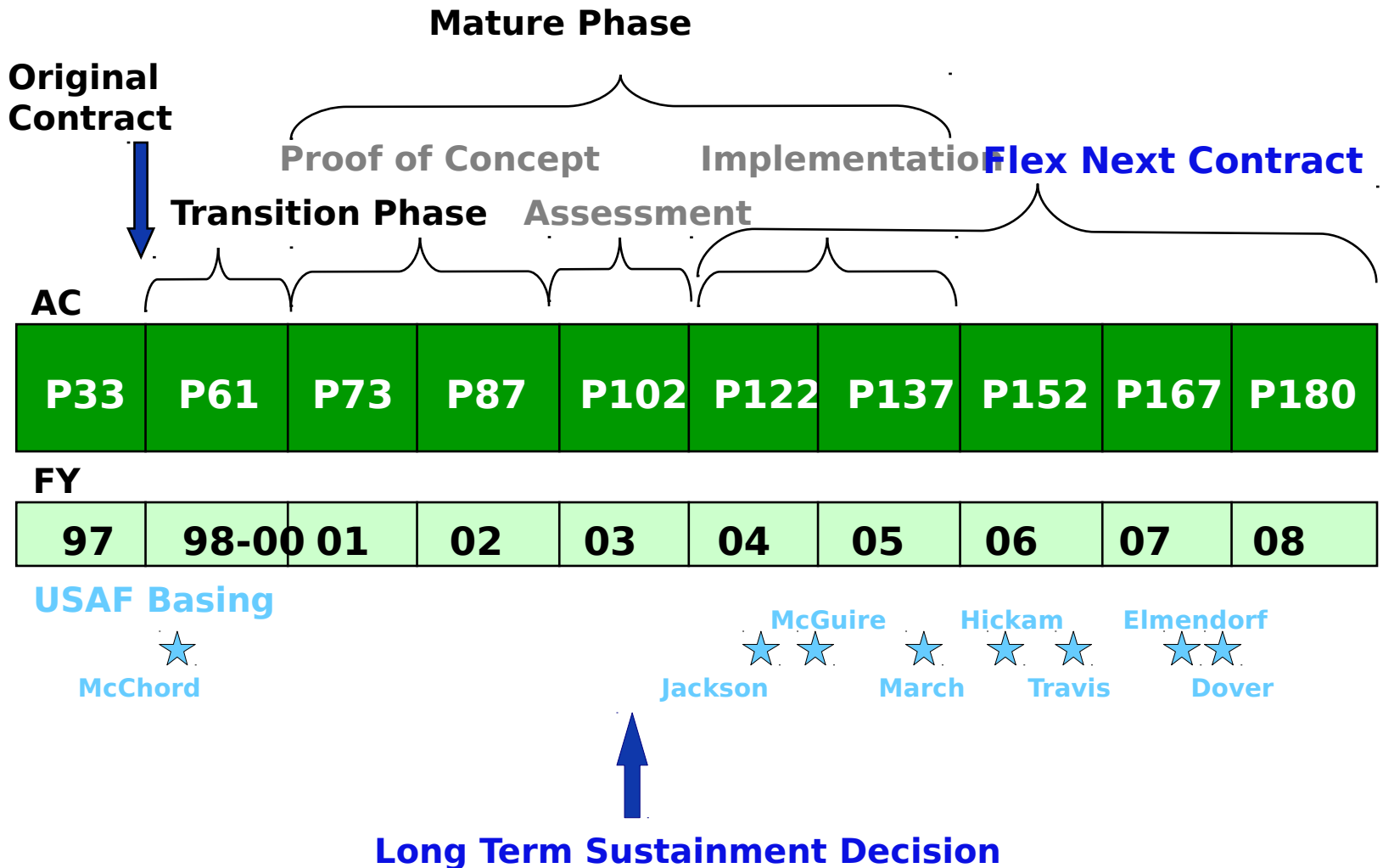
SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

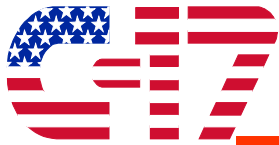
- **Innovated Government Acquisition Initiative**
 - **Boeing is the Single Point of Responsibility for Support of the C-17**
- **Performance Based with Award Fees**
- **Integrated Organization Providing Full Continuum of Aerospace Support**
 - **Integrates Three Contracts**
 - **Drives Total Ownership Costs Down**
 - **Maintains High State of Readiness**



PROGRAM TIMELINE

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

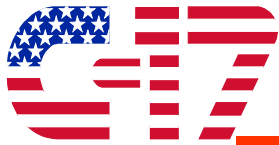




STATEMENT OF OBJECTIVES

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

- **Total Sustainment Support - FY04 to FY11**
 - **Prime Contractor Total System Support Responsibility (TSSR) for the Aircraft Life-Cycle**
- **Prime Contractor to Enter into Partnerships with the ALCs**
 - **Core Directed**
 - **Non-Core Based on Boeing Best-Value Decision**
- **Accommodate Fleet/Base Growth**
 - **124 to 184 Aircraft**
 - **4 to 11 Bases**
- **Systematically Reduce the Cost Per Flying Hour**

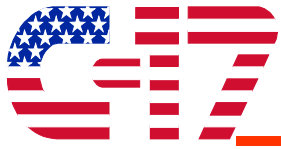


ACQUISITION STRATEGY

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

What Flex Sustainment is...*and becoming...*

- **Major Performance-Based Support Contract...*to include partnerships with the ALCs***
- **Team Approach to Performance (Boeing/SPO/ALC's/DLA/MAJCOM's)**
- **Strategy to Support the Operational Fleet While Still in Production...*and beyond through the C-17 life cycle***
- **Integrated Support for Both the Engine and the Airframe**
- **Combination of Interim Contractor Support, CLS and GFE Aircraft Hardware/Support...*evolving to CLS and GFE support***
- **Closely Monitored Program Based on Mission Needs and Performance Metrics**

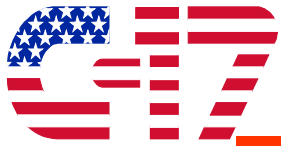


FLEXIBLE SUSTAINMENT

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

- **Program Management**
- **Sustaining Logistics**
- **Material Management**
- **Sustaining Engineering**
- **Depot Level Maintenance**
- **Engine Management**
- **Partnership Planning**

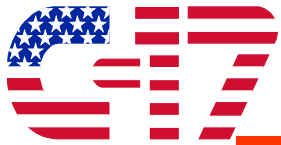




PERFORMANCE

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM





PERFORMANCE

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

C-17 MC Rate AMC

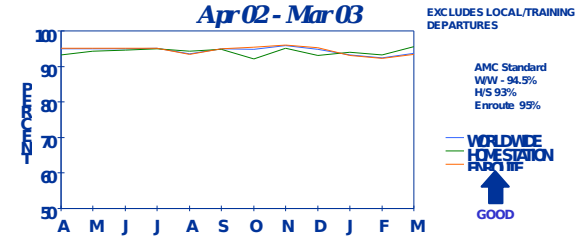
Apr 02 - Mar 03



12 Mo. Avg: 87.1%

C-17 Logistics Departure Reliability

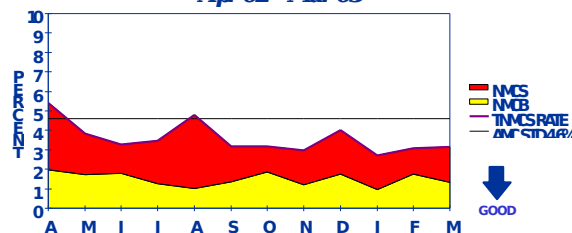
Apr 02 - Mar 03



12 Mo. Avg: 94.4%

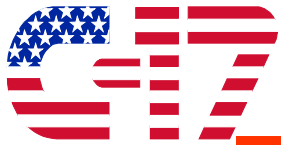
C-17 TNMCS Rate AMC

Apr 02 - Mar 03



12 Mo. Avg: 3.6%





PERFORMANCE

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

Flex Aircraft Availability
SOE

Flying Hours Achievable
Requirement 95% - Actual 97.1%

FSLR
Requirement 85% - Actual 95%

LRU Issue Effectiveness
SOE

MICAP - USAF
Requirement 80% - Actual 91.4%

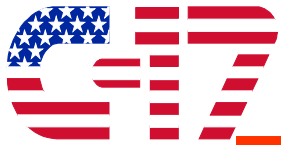
Consumable Issue Effectiveness
SOE

MICAP - RAF
Requirement 80% - Actual 100%

DMSE
Requirement 98-101% - Actual 100%



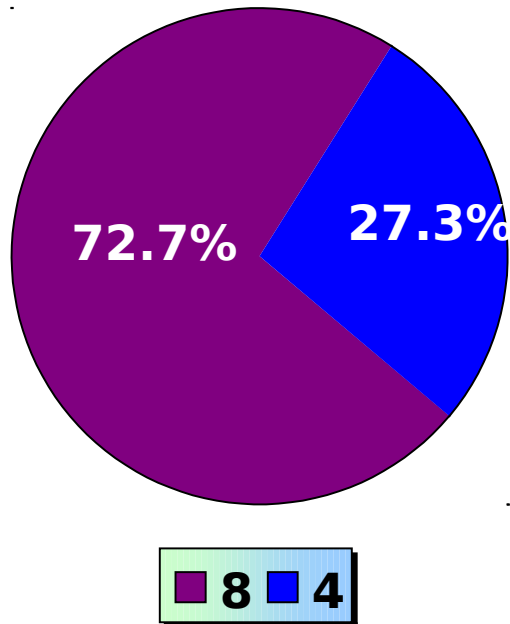
SUPPORT TO THE WARFIGHTER - ANYWHERE, ANYTIME



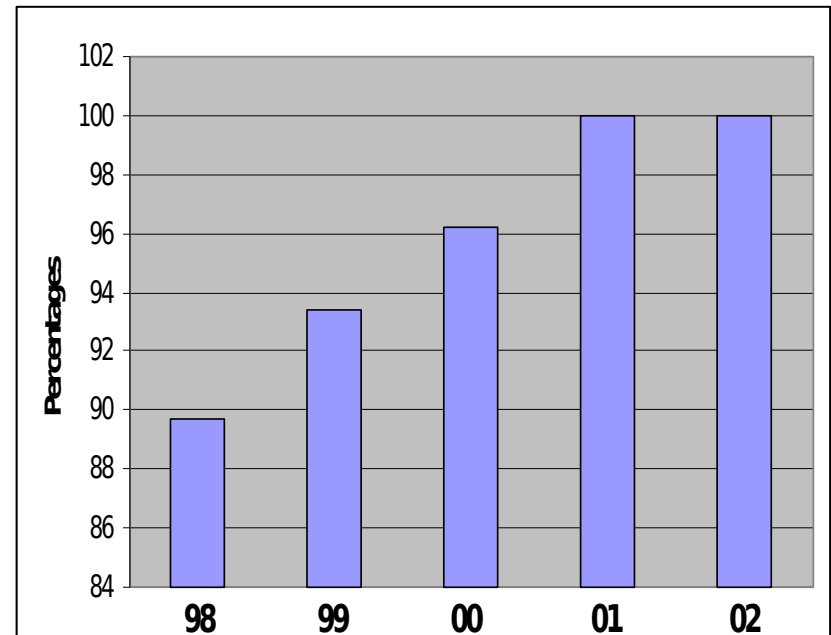
CUSTOMER SATISFACTION

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

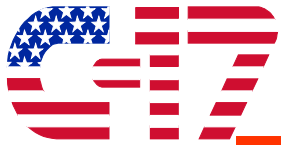
FY02 Final CPAR



Award Fee Capture



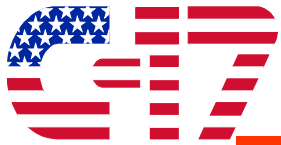
SUPPORT TO THE WARFIGHTER - ANYWHERE, ANYTIME



PUBLIC-PRIVATE PARTNERSHIPS

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

- **C-17 Flexible Sustainment “Harnessing and Integrating the Best in Industry with the Best of the ALC Centers of Excellence”**
 - **Key Characteristics**
 - **Public-Private Partnership with ALC Infrastructure**
 - **Biennial CORE Review**
 - **FY03 C-17 Long-Term Sustainment Decision**
 - **Current Efforts**
 - **Executing Expanded Airframe Workload with WR-ALC**
 - **Developing Implementation Agreements and RFPs**
 - **Identifying ALC and Boeing Non-Recurring Items**
 - **Refining Current Processes to Include Partnerships**

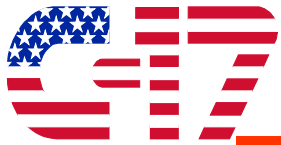


PARTNERING PHILOSOPHY

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

- **Benefits Depots with Skill/Capability Retention and Workload Base**
- **Benefits Boeing through Alternate Sources at Competitive Prices**
- **Benefits Program by Providing a Cost Neutral Way to Achieve**

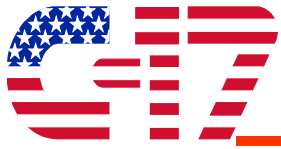
Challenge is to Identify the Commodities and Approaches



PARTNERING APPROACHES

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

- **Approaches Vary Depending on:**
 - **Availability of Tech Data, Tooling, etc.**
 - **Depot CORE Requirements**
 - **Availability of Non-Recurring Funds**
 - **Prime/Sub-Contractor Work Available for Off-Load**
- **Boeing Developed Three Primary Partnering Approaches**
 - **Direct Shift of Work from Boeing to ALC**
 - **Shift Work from Supplier to ALC**
 - **Require Supplier Partnering with ALC's**

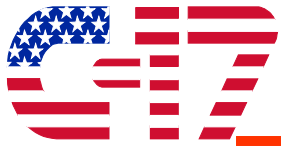


MAINTENANCE AT WR-ALC

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM



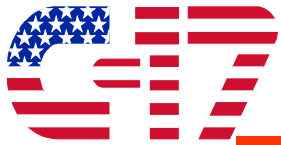
- **Transferred Tech Data and Work Instructions**
- **C-17 Unique Parts Provided by Boeing**
- **Training & Tech Support Provided**
- **14 C-17's Worked at WR-ALC Since Oct. 1999**
- **Project 57,000 Hours at WR-ALC in FY03**



SUPPLIER PARTNERING WITH ALC

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

- **Good Approach when Tech Data Available and Limited Start-Up Costs Involved**
- **Boeing Requires Supplier to Partner with ALC to Include:**
 - **Share Tech Data**
 - **Provide Repair Parts and Training**
 - **Assist in Start-Up/Transition Tasks**
- **Best to Implement when Competition Possible**

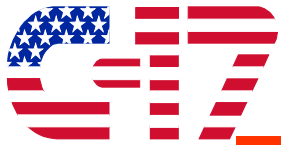


APU PARTNERING

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

- **Recent C-17 APU Competition Resulted in Supplier Commitment**
 - **Manage Transition with Dedicated On-Site Employees**
 - **Aid in Implementation of Equipment and Design of Workshop**
 - **Provide Technical Manuals**
 - **Responsible for Top-Level Training**
 - **Provide On-Site Technical Support Once Production has Commenced**





ALC Partnering

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

Supplier/ALC/OEM Collaboration

SUPPLIER

- Repair/Overhaul of LRUs/SRUs
 - Surge Requirements
 - Product Reliability Improvements
- TCTO/Service Bulletin Incorporation
- Technical/Engineering
- Technical Data/Information
- Material Management
 - Consumable
 - Repair Part
 - Rotables
- Special Services

Transition Toward

Assist in ALC Organic Capability Assessment
Assist in Establishing Organic Repair Capability

SUPPLIER

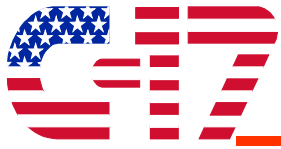
- Shared LRU/SRU Repair Efforts
- Material Mgmt
- Technical Support

ALC

- Shared Repair/Overhaul of LRUs/SRUs

OEM Retained Efforts:

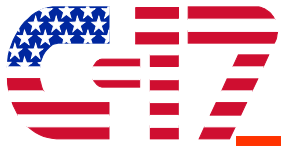
- MIP/DR Investigations
- Spares
- Obsolescence
- Engineering Data
- Logistics Data
- Service Bulletins



PARTNERING CHALLENGES

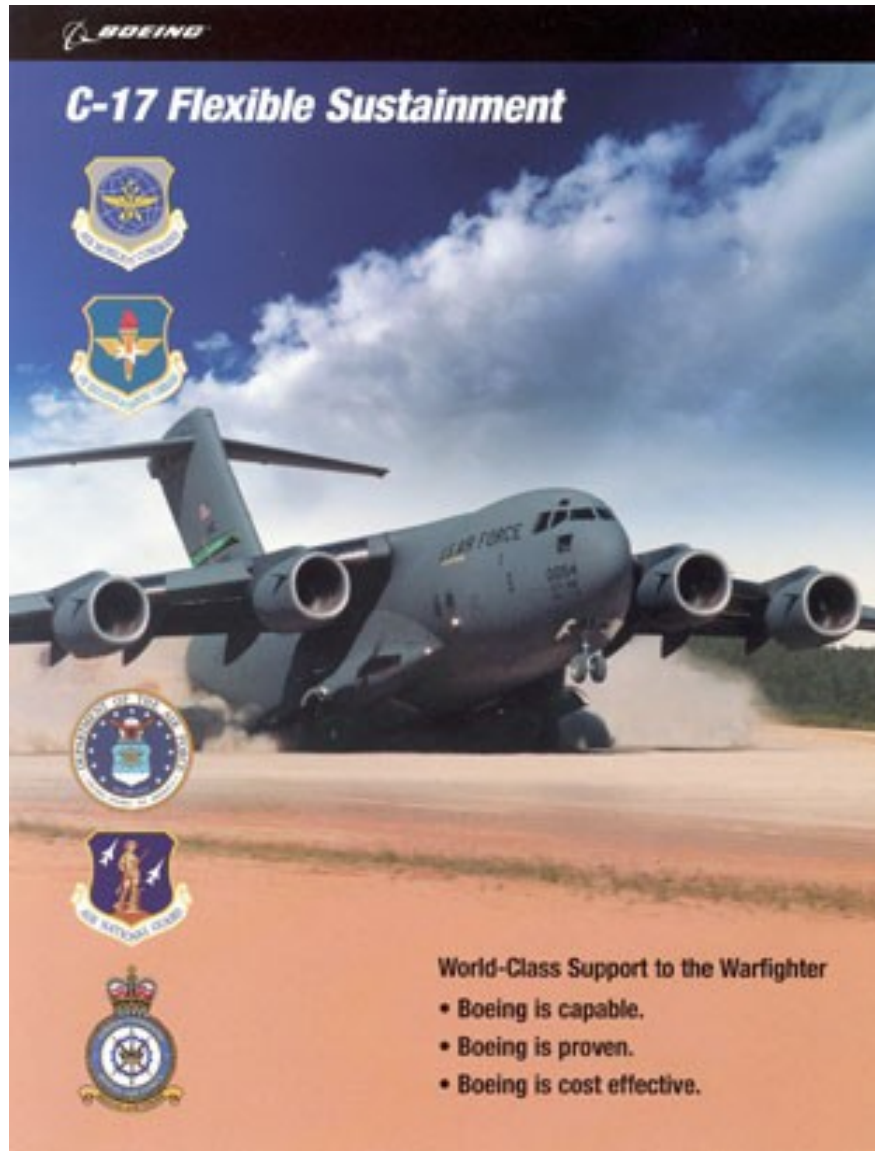
SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

- **Often Tech Data and Tooling Proprietary to OEM**
- **Supply Support and Differences in Contractor and Government Supply/Inventory Systems**
- **Cost Accounting and Accumulation Differences make it Difficult to Determine Best Value**
- **Unique Requirements when buying from the Government**
 - **Advanced Payments**
 - **Limited Flow Down of Prime Contract Terms**
 - **Cultural Changes**



SITE ACTIVATION

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM



BOEING

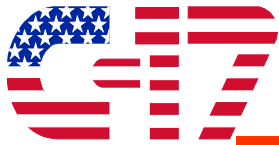
C-17 Flexible Sustainment

Logos of military units are displayed vertically on the left side of the advertisement:

- United States Air Force
- United States Air Force
- United States Air Force
- United States Air Force
- United States Air Force
- United States Air Force

World-Class Support to the Warfighter

- Boeing is capable.
- Boeing is proven.
- Boeing is cost effective.

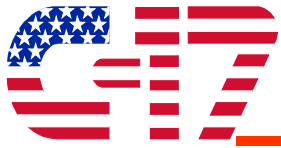


SITE PRESENCE

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

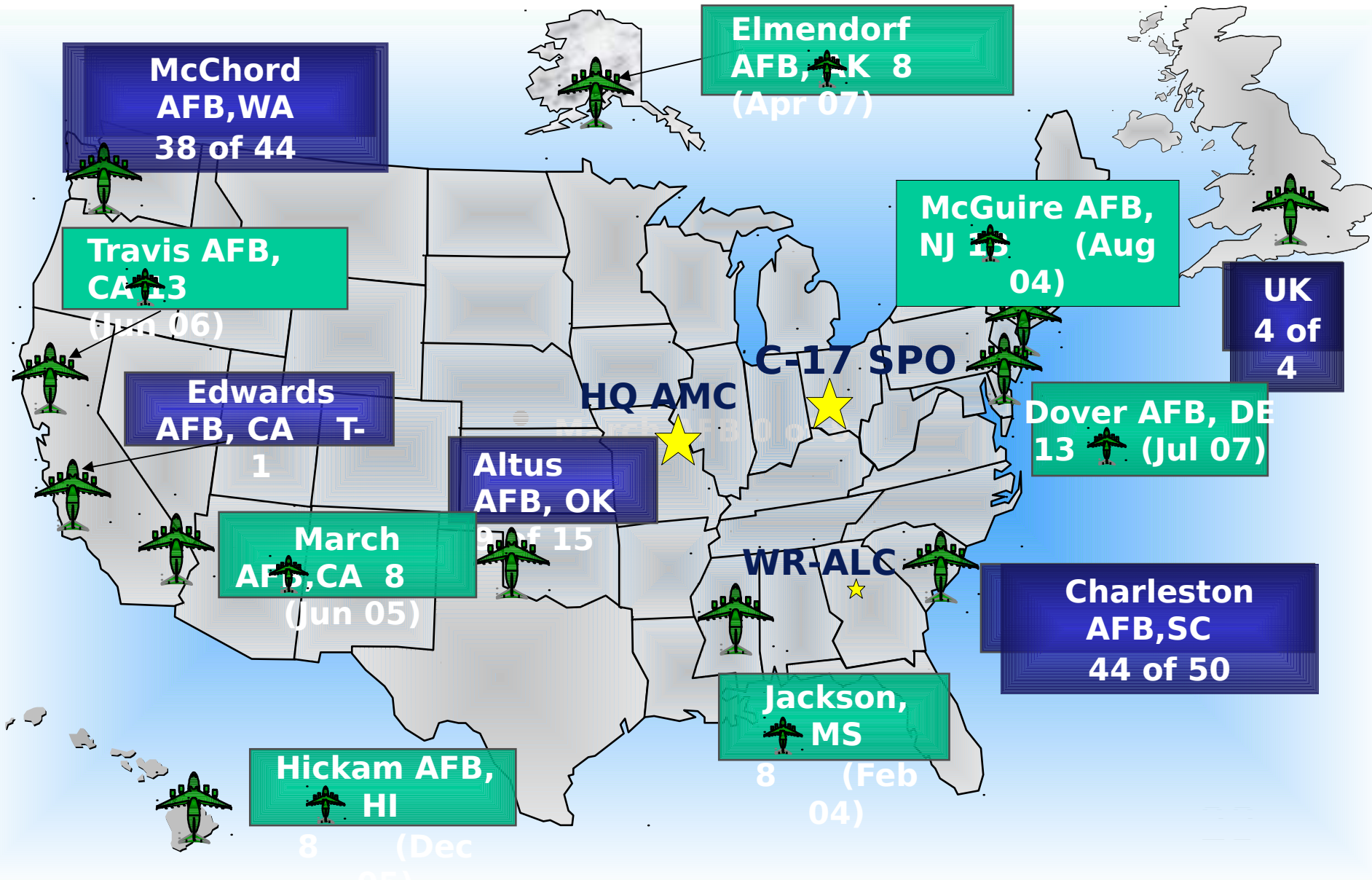
- **Personnel Located at:**
 - **Charleston, McChord, Altus AFBs and RAF Brize Norton**
 - **Yokota AB and Ramstein AB**
 - **Teams on Standby with Equipment, Tools, and Clearances to Deploy with AF Personnel Anywhere in the World**
 - **Teams Deployed in Support of Current Operation**
- **On-Site Engineering Expertise**
 - **Increased Mission Capable/Departure Reliability Rates**
- **Engine Test Cell Operations**
- **Supply Personnel Integrated with our Customer**
- **Program Integration Office (PIO)**
- **Repair & Maintenance (RAM's)**

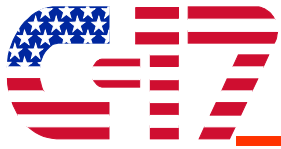




KEY LOCATIONS

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

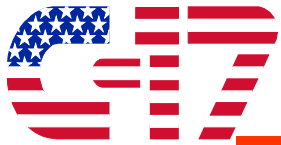




Flex Next 2004 - 2011

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

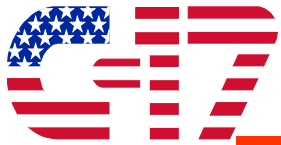




CONTRACT STRUCTURE

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

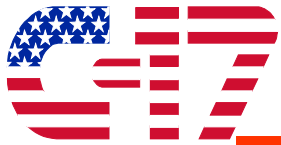
- **FY98-00 was the Flexible Sustainment Transition Phase (CPAF)**
 - Service oriented approach (ICS+)
- **FY01-03 was the Flexible Sustainment Mature Phase (FFP/AF, CPAF)**
 - Weapon System Management (ICS+) approach
- **FY04 & On is the Flexible Sustainment Long Term Support Phase (FFP/AF)**
 - Total Support System Responsibility (TSSR) Approach
 - Incentives to Exceed Performance Requirements
 - Stand-up “CORE” Requirements through Partnerships
 - Weapon System Reliability Improvements
 - Cost Per Flying Hour Contracting



ACQUISITION STRATEGY

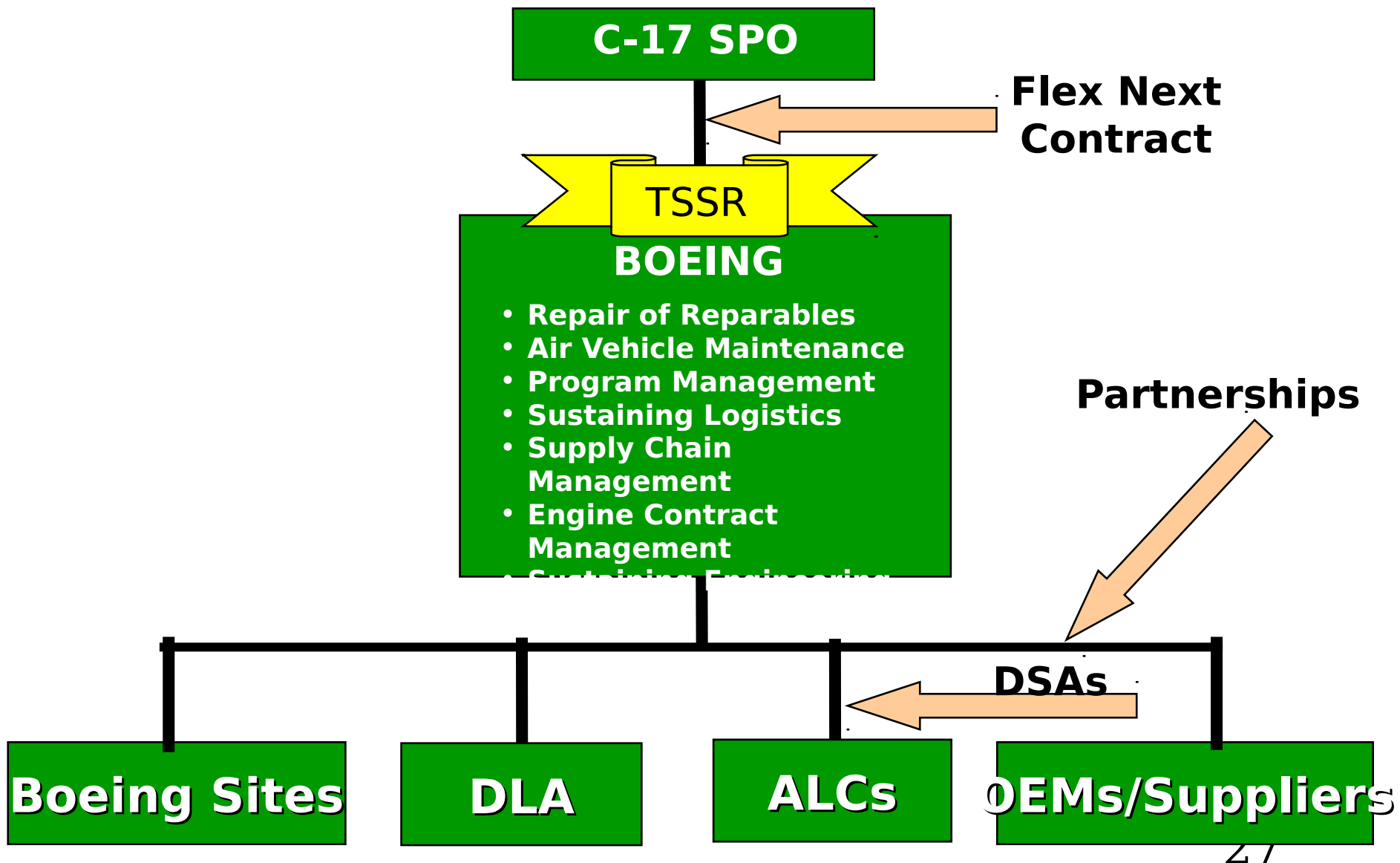
SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

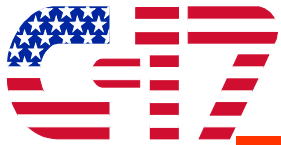
- **PERFORMANCE BASED CONTRACT**
- **METRIC DRIVEN**
 - **MINIMAL AMOUNT OF METRICS AS DEFINED BY THE CUSTOMER**
- **SOLE SOURCE TO BOEING**
- **BOEING HAS “TOTAL SYSTEM SUPPORT RESPONSIBILITY”**
 - **REPARABLES**
 - **PRODUCT SUPPORT**
 - **SUPPLY CHAIN MANAGEMENT**
- **PERFORMANCE-BASED PARTNERSHIP BETWEEN BOEING AND AF**
 - **BOEING COMMITS TO CONTRACTUAL PERFORMANCE GUARANTEES**
 - **“CORE” WILL BE RESERVED FOR ORGANIC PERFORMANCE**



FLEX NEXT RELATIONSHIPS

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM





SUMMARY

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

- **1998 - 2002 Proven Success**
 - **Team Approach**
- **OEF & Iraq War Challenges**
 - **Maintained Superior Performance**
- **7 New Bases in 5 Years!!!**
- **ALC Partnerships**
 - **Challenging but Achievable**
- **Flex Next On-Track for FY 2004**

